

## STAFF PROPOSED REVISION

AGENDA C-1(e)  
JUNE 2003

### DOCUMENT D

#### NORTH PACIFIC FISHERY MANAGEMENT COUNCIL GULF OF ALASKA GROUND FISH RATIONALIZATION ALTERNATIVES, ELEMENTS AND OPTIONS

**NOTE:**

- 1) ***bolded, italicized numbering*** after each provision is a reference to the location of the provision in the Council's April 2003 motion as renumbered by staff.
- 2) Underlined provisions are revisions proposed by staff.

#### 1 Status Quo (No Action Alternative) (1)

#### 2 Harvest Sector Provisions (2)

##### 2.1 Management Areas :

**Areas** are Western Gulf, Central Gulf, and West Yakutat—separate areas

For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat)

**SEO:** exempt except for Shortraker, Rougheye, and thornyhead as bycatch species

**Gear:** Applies to all gear except jig gear **(2.1)** – the jig fishery would receive an allocation based on its historic landings in the qualifying years – the jig fishery would be conducted on an open access basis

##### 2.2 Qualifying periods and landing criteria (same for all gears in all areas)

(The analysis will assess AFA vessels as a group)

- Option 1. 95-01 (drop 1, or 2)
- Option 2. 98-01 (drop 1)
- Option 3. 95-02 (drop 1, 2, or 3)
- Option 4. 95-97 (for AFA vessels)
- Option 5. 98-02 (drop 1 or 2)
- Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

**NOTE:** the above suboption, if selected, would count as 1 year dropped (if selected)

**NOTE:** The Council noticed the public of its intent to further reduce the above options at the June Council meeting. **(2.1.1)**

##### 2.2.1 Qualifying landing criteria (2.1.2)

Landings based on retained catch for all species (includes WPR for C/P sector)

**NOTE:** Total pounds landed will be used as the denominator.

Catch history determined based on the **poundage** of retained catch year (does not include meal) **(2.1.2.1)**

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Suboption: catch history for p. cod fisheries determined based on a **percentage** of retained catch per year (does not include meal)

### 2.2.2 Eligibility

#### LLP participation

Option 1 Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Suboption: Any person who held a valid interim LLP license as of January 1, 2003.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

#### Non-LLP (State water parallel fishery) participation

Option 2: Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Option 3: Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries. **(2.1.2.2)**

***Management of the parallel fishery once this program is implemented must be considered. How will total harvests be managed, if a derby parallel fishery is prosecuted?***

## 2.3 Target Species Rationalization Plan (2.1.3)

### Target Species by Gear

#### 2.3.1 Initial Allocation of catch history

Option 1: Allocate catch history by sector and gear type

Option 2: Allocate catch history on an individual basis

a. Trawl CV and CP:

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod **(2.1.3.1, 2.2.14.2)**

#### 2.3.2 Harvest share (or QS/IFQ) Designations **(2.1.3.2)**

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### 2.3.2.1 Vessel categories

- Option 1. No Categories
- Option 2. Vessel Categories as follows
  - Vessels < 60'
  - Vessels  $\geq$  60' and < 125'
  - Vessels  $\geq$  125' **(2.1.3.2.1)**

### 2.3.2.2 Harvest share sector designations:

- Option 1. No designation of harvest shares (or QS/IFQ) as CV or CP
- Option 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) convey a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:

Actual amount of catch harvested and processed onboard a vessel by species.

- b. All catch in a given year if any was legally processed onboard the vessel by species. **(2.1.3.2.2)**

### 2.3.2.3 Harvest share gear designations

- Option 1. No gear designation **(see also 2.2.14.9.1, Option 3)**
- Option 2. Designate harvest shares as Longline, Pot, or Trawl
- Option 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.
- Option 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear **(2.1.3.2.3)**

### 2.3.2.4 If a closed class of processor or processor share alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor share holder (as applicable). Class B shares will be deliverable to any processor.

Option: Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

## 2.3.3 Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ) **(2.1.3.3)**

### 2.3.3.1 Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):

- Option 1. US citizens who have had at least 150 days of sea time
- Option 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time
- Option 3. Entities that have a US citizenship with 20% or more ownership
- Option 4. Initial recipients of CV or C/P harvest share
- Option 5. US Citizens eligible to document a vessel.
- Option 6. Communities would be eligible to receive harvest shares by transfer (this provision would be applicable if certain provisions of 2.9 are adopted.) **(2.1.3.3.1, 2.2.14.2)**

### 2.3.3.2 Restrictions on transferability of CP harvest shares

- Option 1. CP harvest shares maintain their designation upon transfer

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- Option 2. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares converts to CV harvest shares **(2.1.3.3.2)**

### 2.3.3.3 Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:

- a. all CP shares
- b. trawl CP shares
- c. longline CP shares **(2.1.3.3.3)**

### 2.3.3.4 Vertical integration **(See also placeholder under Option 6???????)**

Harvest shares initial recipients with more than 10% limited threshold ownership by any holder of processing shares or licenses are:

- Option 1. capped at initial allocation of harvest CV and CP shares  
Option 2. capped at 115-150% of initial allocation of harvest CV shares  
Option 3. capped at 115-150% of initial allocation of harvest of CP shares  
**(2.1.3.3.4)**

### 2.3.3.5 Definition of sea time

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.  
**(2.1.3.3.5)**

### 2.3.3.6 Leasing of QS (“leasing of QS” is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as “hired skipper” requirement in halibut/sablefish program).

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).  
Option 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).  
Option 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.  
Option 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.  
Option 5. Sunset [CP – CV] QS leasing provisions [3 – 5 – 10] years after program implementation. **(2.1.3.3.6)**

### 2.3.3.7 Separate and distinct harvest share use (“ownership”) caps

**NOTE: The Council gave notice that it will revisit the language in this option to address the CV and CP sectors in June 2003.**

Vessel Use caps on harvest shares harvested on any given vessel shall be set at two times the use cap for each species. Initial issuees that exceed the use cap are grandfathered at their current level as of a control date of April 3, 2003; including transfers by contract entered into as of that date. Caps apply to all harvesting categories by species with the following provisions:

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Apply individually and collectively to all harvest share holders in each sector and fishery.

Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):

i. Trawl CV and/or CP (can be different caps):

Use cap based at the following percentile of catch history for the following species: (i.e., 75<sup>th</sup> percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

ii. Longline and Pot CV and/or CP (can be different caps)

based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

Suboption 1. 75 %

Suboption 2. 85%

Suboption 3. 95 %

iii. Conversion of CP shares:

1. CP shares converted to CV shares

Option 1: will count toward CV caps

Option 2: will not count toward CV caps at the time of conversion.

2. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

**(2.1.3.3.7)**

### 2.3.3.8 Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued harvest share units.

Suboption 1. No owner on board restrictions.

Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as "owner on board."

**NOTE:** The Council may revise the upper end of the range.

Suboption 3. All initial issues (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.

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Suboption 4. Shares transferred to initial issuees in the first 5 years of the program would be considered the same as shares initially issued (range of 5 –100% of the quota shares). See above NOTE

Suboption 5. “owner on board” shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.

Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years). **(2.1.3.3.8)**

### 2.3.3.9 Overage Provisions

#### a. Trawl CV and CP:

Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year’s annual allocation or IFQ. Underages up to 10% of last trip harvest shares (or IFQ) will be allowed with an increase in the subsequent year’s annual allocation (or IFQ).

Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

#### b. Longline and pot CV and CP :

Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year’s annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available). **(2.1.3.3.9, 2.2.14.2)**

### 2.3.3.10 Retention requirements for rockfish, sablefish and Atka mackerel:

Option 1. no retention requirements

Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages

Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing. **(2.1.3.3.10)**

### 2.3.3.11 Limited processing for CVs

Option 1. No limited processing

Option 2. Limited processing of rockfish species by owners of CV harvest shares is allowed consistent with limits set in the LLP program which allows up to 1 mt of round weight equivalent of groundfish to be processed

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per day on a vessel less than or equal to 60ft LOA. **(2.1.3.3.11, 2.2.14.2)**

- 2.3.3.12 Processing Restrictions
  - Option 1. CPs may buy CV fish
    - a. 3 year sunset
  - Option 2. CPs would be prohibited from buying CV fish
    - a. 3 year sunset
  - Option 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.
    - a. Exempt bycatch amounts of these species delivered with flatfish **(2.1.3.3.12)**

## 2.4 Allocation of Bycatch Species **(2.1.4, 2.2.14.2)**

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish  
Includes SEO Shortraker, Rougheye, and Thornyhead rockfish.

- Option 1. Allocation of shares
  - a. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:
    - Suboption 1. based on average catch history by area and target fishery
    - Suboption 2. based on 75<sup>th</sup> percentile by area by target fishery
  - b. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
    - Suboption. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached **(2.2.14.2, Option 3)**.
- Option 2. Include these species for one gear type only (e.g., trawl). Deduct the bycatch from gear types from TAC. If deduction is not adequate to cover bycatch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.
- Option 3. Retain these species on bycatch status for all gear types with current MRAs. **(2.2.14.2, Option 2)**
- Option 4. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.
  - Suboption. These shares may be used with either fixed gear or trawl gear.

## 2.5 PSC Species **(2.1.5)**

### 2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl entities

- Option 1. Same as that under IFQ sablefish and halibut programs
- Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded
- Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded **(2.1.5.1, 2.2.14.4)**

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### 2.5.2 Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the directed fishery harvest shares. Bycatch only species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

**(2.2.14.4.2)**

Option 1. By sector average bycatch rates by area by gear

- a) Both sectors
- b) Catcher processor/Catcher Vessel **(2.1.5.2)**

### 2.5.3 Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality

Halibut PSC harvest share are separable from target groundfish harvest shares and may be transferred independently. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

Option 1 0%

Option 2 . 5%

Option 3 . 7%

Option 4 . 10%

Option 5 . Exclude any halibut PSC transferred for participation in the incentive fisheries **(2.1.5.3)**

### 2.5.4 Permanent transfer of Halibut PSC harvest share mortality

Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit

Suboption. exempt Pacific cod

Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately **(2.1.5.4)**

### 2.5.5 Retention of halibut bycatch by longline vessels

Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.

Option 1. retention is limited to (range 10-20%) of target species

Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing

**(2.1.5.5)**

## 2.6 Incentive species **(2.1.6)**

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.

Option: The portion of historic unharvested West Yakutat TAC will be made available as an incentive fishery, subject to provision of incentive fisheries

**(Specify species if broader than those listed above)**

**PLACEHOLDER language for eligibility:** The incentive fishery is limited to persons that hold harvest shares and adequate PSC and bycatch species shares to prosecute these fisheries.

### 2.6.1 Eligibility to fish in the incentive fisheries



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### Staff suggests removing these options

- Option 1. *Any person with a valid LLP*
- Option 2. *Entities that have 20% or more U.S. ownership and at least 150 days of sea time with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares*
- Option 3. *Entities that have 20% or more U.S. ownership with 10 mt of fixed gear harvest shares or 50 mt of trawl harvest shares (2.1.6.1)*

Incentive species are available for harvest, providing the vessel has adequate PSC and bycatch species, under the following conditions:

- Suboption 1. If a sector does not form a coop, the unallocated incentive species are available for harvest by the sector once the sector's allocation of the incentive species has been used.
- Suboption 2. If a coop is formed in a sector, the individual coop member's apportionment of that species has to be used prior to that individual gaining access to the unallocated portion of the incentive species. The coop member does not have to wait until all coop members have used their individual apportionments.
- Suboption 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used. (2.2.14.5, Option 2)

### 2.6.2 Allocation of incentive species in the incentive fisheries

- Option 1. Allocate catch share to the historical participants (closed class) of the incentive species for the qualifying years. Available incentive fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined below. Incentive fishery quota creates an incentive for fishermen to fish cleaner, either by gear conversion or reduction in halibut bycatch rates in other directed fisheries. If no halibut is allocated to the fishery through an incentive set aside the only entry mechanism is halibut savings.)
  - Suboption 1. Allocate harvest shares as a fixed allocation in metric tons. If available TAC is less than the total fixed allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
  - Suboption 2. Catch history is based on 125% of catch history. If available TAC is less than the allocation in metric tons then reduce participants' allocation pro-rata amongst closed class harvest share holders.
  - Suboption 3. For incentive species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the *percent of the fishery utilized*. During each successive year the *percent of the fishery utilized* is applied to the total TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an incentive fishery. (2.1.6.2)

### 2.7 Entry level rockfish program

- Option 1. Allow entry level jig and < 60 ft CV longline harvests of Pelagic shelf rockfish
  - Suboption 1. include Pacific ocean perch
- Suboption 2. a range of 3 to 15% of the TAC will be set aside to accommodate this fishery

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Suboption 3. Determine catch accounting methods. Then, defer decisions on remainder of program to a trailing amendment.

Suboption 4. Catch of these vessels would be deducted from the following years TAC prior to distributing harvest shares. After initial allocation, defer design of program to trailing amendment.

Option 2. No entry level rockfish fishery for:

Suboption 1. Gulf wide

Suboption 2. Central Gulf including West Yakutat

Suboption 3. Western Gulf

(2.1.7)

### 2.8 Skipper/Crew and Second Generation

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

**NOTE:** Skipper definitions needed to distinguish differences between sectors

Option 1. No skipper and crew provisions

Option 2. Allocate percentage to captain:

Suboption 1. Initial allocation of 2% shall be reserved to qualified captains

Suboption 2. Initial allocation of 5% shall be reserved to qualified captains

Suboption 3. Initial allocation of 7% shall be reserved to qualified captains

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program. (2.1.8)

### 2.9 Communities (2.1.9)

**NOTE:** Bering Sea and Western Alaska CDQ communities may be excluded from community programs.

#### 2.9.1 Regionalization

The following applies to both Central and Western Gulf areas:

If adopted, all processing shares or licenses allocated to shorebased (and floating) processors will be categorized by region.

- Processing shares or licenses that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares and incentive fisheries are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be consistent with the preferred alternative under “Element 1, Qualifying Periods”.

Central Gulf: Two regions are proposed to classify harvesting and (if adopted) processing shares: North - South line at 58° 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North - South distribution: Pollock in Area 630; CGOA

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flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased (including floating) catch: Pacific cod in Area 610; pollock in Area 610; pollock in Area 620

- Option 1. Dutch Harbor (Akutan)/Sand Point
- Option 2. Kodiak/Sand Point
- Option 3. Both

**NOTE:** Boundaries will be defined in June based on public testimony (staff will attach a detailed map of the GOA to aid in boundary identification. *(2.1.9.1)*)

### **2.9.2 Community Fisheries Quota (CFQ) (2.1.9.2, 2.2.14.6)**

#### 2.9.2.1 Administrative Entity

- Option 1. Gulf wide administrative entity
- Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)
- Option 3. Community level *(2.1.9.2.1)*

#### 2.9.2.2 Eligible Communities

- Option 1. Population:
  - a. Less than 1,500 residents
  - b. Less than 2,500 residents
  - c. Less than 5,000 residents
  - d. Less than 7,500 residents
- Option 2. Geography
  - a. Coastal Communities without road connections to larger community highway network
  - b. Coastal communities adjacent to salt water
  - c. Communities within 10 miles of the Gulf Coast
  - d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nmi from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
- Option 3. Economy (based on all fish).

Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

  - a. GOA fisheries dependant communities defined as communities with range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
  - b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
  - c. All GOA communities *(2.1.9.2.2)*

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### **2.9.2.3 Species**

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling  
(2.1.9.2.3)

### **2.9.2.4 Allocation**

#### Harvester shares

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

#### Processing shares

- Option 5 5% of annual processing allocation
- Option 6. 10% of annual processing allocation
- Option 7. 15% of annual processing allocation
- Option 8. 20% of annual processing allocation  
(2.1.9.2.4)

### **2.9.2.5 Harvesting of Shares**

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares  
(2.1.9.2.5)

### **2.9.2.6 Use of Revenue**

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.  
(2.1.9.2.6)

## **2.9.3 Community Purchase Program**

#### Eligible communities.

- Option 1. Population:
  - a. Less than 1,500 residents
  - b. Less than 2,500 residents
  - c. Less than 5,000 residents
  - d. Less than 7,500 residents
- Option 2. Geography
  - a. Coastal Communities without road connections to larger community highway network
  - b. Coastal communities adjacent to salt water
  - c. Communities within 10 miles of the Gulf Coast
- Option 3. Economy (based on all fish).

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Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources.

- a. GOA fisheries dependant communities defined as communities with a range of 10-30% of their base industry economy is harvesting or processing related (includes all fisheries).
- b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)
- c. All GOA communities

**(2.1.9.3)**

### **2.9.4 Community Incentive Fisheries Trust (CIFT)**

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crew members in the region to use as leverage to mitigate impact directly associated with implementation of a rationalization program. **(2.1.9.4)**

#### **2.9.4.1 Harvest Share Distribution**

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations. These harvest shares will be a pool off the top before individual distribution of harvest shares. **(2.1.9.4.1)**

#### **2.9.4.2 CIFT Designation**

- Option 1. One CV CIFT for entire GOA (exclude SEO)
- Option 2. Regional CV CIFTs :
  - Suboption 1. Central GOA (Kodiak, Chignik )
  - Suboption 2. Western GOA
  - Suboption 3. North Gulf Coast (Homer to Yakutat)
- Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment  
**(2.1.9.4.2)**

### **2.10 PSC Crab, Salmon, and Other Species (Excluding Halibut) (2.1.10)**

Prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should (1) provide timelines and how they relate to the GOA rationalization timeline; (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if (1) existing processes are sufficient or if some measures need to be more closely linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

Put Section 2.10 (PSC Crab and Salmon) on the same status with other trailing amendments (including skipper/crew shares; fee and loan program; CIFT issues). The discussion paper would be done parallel to the EIS similarly to how analysis of the other trailing amendments is planned.

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### **2.11 Review and Evaluation (2.1.11)**

#### **2.11.1 Data collection.**

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives. *(2.1.11.1)*

#### **2.11.2 Review and Sunset**

Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.

Suboption 1. 5 year after fishing under the program

Suboption 2. 7 year after fishing under the program

Suboption 3. 10 year schedule after fishing under the program

Suboption 4. No sunset provision.

Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

*(2.1.11.2, 2.2.14.7)*

### **2.12 Sideboards (2.1.12)**

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries. *(2.1.12, 2.2.14.8)*

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

*(2.2.13, Option 1, Paragraph 11)*

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries. *(2.2.14.8)*

## **3 Processing Sector Provisions**

### **3.1 Provisions for a Closed Class of Processors (3.1)**

#### **3.1.2 Harvester Delivery requirements**

50-90% of CV harvest share allocation will be reserved for delivery to the qualified closed trawl or fixed class processor. The other 50 -10% of CV harvest share allocation can be delivered to:

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- i. any processor including CPs
- ii. any processor excluding CPs

(Note that a different alternative could apply if a cooperative program is chosen. See 4.3.2.6)

**(3.1.13)**

### **3.1.2 Closed Class Processor Qualifications (3.1.14)**

- 3.1.2.1 To purchase groundfish required to be delivered to a qualified processor must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the years

Option 1. 1995 – 1999.

Option 2. 1995 – 2001

Option 3. 1995 – 2002

- a. Trawl eligible Processors
  - Option 1. 2000 mt
  - Option 2. 1000 mt
  - Option 3. 500 mt
- b. Fixed gear eligible Processors
  - Option 1. 500 mt
  - Option 2. 200 mt
  - Option 3. 50 mt
- c. Trawl and Fixed gear eligible processors
  - i) Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above
  - ii) Total catch - Trawl and fixed catch combined
    - Option 1. 2,500 mt
    - Option 2. 1,200 mt
    - Option 3. 550 mt
- d. Processors are defined at:
  - Option 1. Processors are defined at the entity level
  - Option 2. Processors are defined at the plant level

**(3.1.14.1)**

- 3.1.2.2 Processor history would be credited to (and licenses would be issued to):

Option 1. Operator – must hold a federal or state processor permit.

Option 2. Facility owner

Suboption: Custom processing history would be credited to:

i. the processor that physically processes the fish

ii. the processor that purchases the fish and pays for processing

**(3.1.14.2)**

- 3.1.2.3 Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Option 1. Within the same community

Option 2. Within the same region

**(3.1.14.3)**

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- 3.1.2.4 Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed), by CGOA and WGOA regulatory areas:

Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor  
(3.1.14.4)

- 3.1.2.5 Processing Caps may apply at:

Option 1. the facility level  
Option 2. the entity level  
(3.1.14.5)

### 3.2 Provisions for Processor Share Allocations (4.2.13)

- 3.2.1 Binding Arbitration process, for failed price negotiation, between fishermen and processors. *This provision is very incomplete. (4.2.13)*

- 3.2.2 Any processor within any Gulf community can buy IPQ shares from the catcher processor sector. *No option appears for the allocation of processing shares to C/Ps. If this is intended to provide for division of C/P shares into separate harvest and processing privileges, it will need to be revised. Also a provision should be added that identifies eligibility for purchase of processing shares, if any is contemplated. (4.2.13)*

- 3.2.3 Eligible processors

- 3.2.3.1 Any U.S. Corporation or partnership will be eligible for an allocation based on processing at a facility provided:

Option 1 The facility processed fish from a fishery included in the program in

- a. 2000 or 2001
- b. Any year 1998-2002
- c. 2001 or 2002

Option 2 Any facility of the company processed fish from a fishery included in the program in

- 1. 2000 or 2001
- 2. Any year 1998-2002
- 3. 2001 or 2002

- 3.2.3.2 The company that is eligible for the allocation is the :

Suboption 1. owner of the facility

Suboption 2. operator of the facility – must hold a Federal or State processor permit

- 3.2.3.3 In the case of custom processing, the company eligible for the allocation will be the :

Option 1 entity that processed the fish

Option 2 entity that purchased the fish

- 3.2.4 Categories of Processing Quota shares

Option 1. Target Species (Species where there is a significant historical processor participation)



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Area 610 pollock, Area 620 pollock, Area 630 pollock, WGOA Pacific cod, CGOA Arrowtooth flounder, CGOA Flatfish (excludes Arrowtooth flounder), CGOA POP, CGOA Pelagic Shelf Rockfish & Northern rockfish (combined), CGOA Pacific cod (inshore), WY Pollock

*Option 2. Non-target Species (Species on Bycatch status throughout the year (e.g., Sablefish – trawl, Other rockfish, thornyhead, shortraker/rougheye).*

*Suboption 1. Allocate IPQ shares based on the Fleet bycatch rates by gear:*  
*a. based on average catch history by area and target fishery*  
*b. based on 75<sup>th</sup> percentile by area by target fishery*

***(These could be very difficult to implement)***

*Suboption 2. Exclude non-target species from IPQ awards*

*Option 3. Regional categories – processing quota shares will be regionalized by species grouping as shown in the regionalization section if regionalization is adopted (see 2.9.1). (4.2.13.2)*

3.2.4.1 C/P will be issued C/P harvest shares, which combine the privilege of catching and processing product. (4.2.13.2) (Is this intended to be an option or a provision)

3.2.5 Qualifying periods

- Option 1. 95-01 (drop 1 or 2)
- Option 2. 98-01 (drop 1)
- Option 3. 95-02 (drop 1, 2, or 3)
- Option 4. 95-97 (for AFA vessels)
- Option 5. 98-02 (drop 1 or 2)
- Option 6. 00-02 (drop 1)

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

***NOTE:*** the above suboption, if selected, would count as 1 year dropped (if selected) ***(4.2.13.3)***

3.2.6 Percentage of season's TAC for which IPQs are distributed:

- Option 1. 100%
- Option 2. 90% - the remaining 10% would be considered open delivery.
- Option 3. 80% - the remaining 20% would be considered open delivery.
- Option 4. 50% - the remaining 50% would be considered open delivery.

The following applies to all suboptions:

All processors (including those that hold IPQ) will be allowed to buy fish harvested with Class B shares (open delivery fish). (4.2.13.4)

3.2.7 Processing Shares Cap categories:

*Option 1. Applied by species groupings – Pollock, Pacific cod, Flatfish (excludes Arrowtooth), and rockfish.*

*Option 2. Applied to all groundfish species combined **Staff recommends that these provisions be modified to include a method for aggregating across species or omitted (4.2.13.5)***

Option 3. Applied to each species for which processing shares are allocated.

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### 3.2.8 Ownership Caps on Processing Shares

- Option 1. Maximum share allocation in the fishery
- Option 2. Maximum share allocation in the fishery plus 5%
- Option 3. Maximum share allocation in the fishery plus 10%
- Option 4. Maximum share allocation in the fishery plus 15%
- Option 5. Select a cap between the average and maximum allocation with initial allocations grandfathered **(4.2.13.6)**

### 3.2.9 Use Caps: may select different options depending on sector, gear, etc.

Annual use caps on a

a. company

b. facility

basis

- Option 1. 30 percent to 60 percent of the TAC
- Option 2. The largest IPQ holding in the fishery at the time of initial allocation
- Option 3. Custom processing will be allowed
  - a) subject to use caps
- Option 4. Use caps will be waived to the extent that compliance is prevented by a catastrophic event.
- Option 5. Use caps will be waived to the extent that compliance is prevented by weather conditions.
- Option 6. Vessel overages not counted toward IPQ use caps.

**(4.2.13.7)**

### 3.2.10 Community Protection under Processing Shares

Communities will be allowed to buy processing history -- First right of refusal for communities for all processing history designated for that particular community that is sold to entities outside the community.

**NOTE:** The Council will use provisions similar to the right of first refusal in the Crab rationalization program. **(4.2.13.8)**

## 4 Cooperative Provisions

### 4.1 Cooperative type (voluntary or mandatory)

- Option 1 Cooperative membership will be voluntary (i.e., harvest shares (IFQ) will be allocated to non-members) (2.2.13, Option 1 and 2.2.14.9)
- Option 2 Cooperative membership will be mandatory (i.e., harvest shares will be allocated only to cooperatives) (2.2.13, Option 2, Paragraphs 1 and 7)

### 4.2 Cooperative formation

#### 4.2.1 Co-ops can be formed between holders of harvest shares or history of:

- i. any type
- ii. the same area, gear, vessel type (CV or C/P), and/or vessel length class.
- iii. the following classes of shares/history
  - CV trawl
  - CV longline

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CV pot  
C/P trawl  
C/P longline  
C/P pot

Each group of share/history holders of a defined class that may form cooperatives is defined as a “sector”.

**(2.2.13, Option 1 Paragraph 3, 2.2.14.1, 2.2.14.9, and 2.2.14.9.1, Option 2)**

4.2.1.1 Processor affiliated vessels may join cooperatives. **(2.2.13, Option 2 Paragraph 6)**

4.2.1.2 CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

**(2.2.13, Option 1 Paragraph 3)**

The associated processor must be:

- a) a licensed processor **(2.2.13, Option 1 Paragraph 4)**
- b) a qualified processor (if closed processor class is selected)
- c) any processing share holder (if processor shares are selected)

Subsuboption i) Processors can associate with more than one co-op

Subsuboption ii) Processors are limited to 1 co-op **per plant** for each sector.

**(2.2.13, Option 1 Paragraph 3)**

4.2.1.3 A processor association will not be required for a C/P cooperative.

4.2.2 Cooperatives are required to have:

- i. at least 4 distinct and separate harvesters (using the 10% threshold rule) **(2.2.13, Option 1 Paragraph 3)**
- ii. at least 50-100 percent of the harvest shares (or catch history) of its sector (may choose different percentages for different sectors). **(2.2.14.9)**

Requirements may differ across sectors (or for CV and CP cooperatives)

4.2.3 Duration of cooperative agreements:

- a. 1 year
- b. 3 year
- c. 5 year

**(2.2.13, Option 1 Paragraph 10)**

4.2.4 Allocation Prerequisites **(What alternatives should this apply to??)**

*Allocations to CV co-ops will only be made under the following conditions:*

*Required Co-op agreement elements:*

*Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite The co-op agreement must contain:*

- 1) *A price setting formula for all fish harvested by the co-op*
- 2) *A fishing plan for the harvest of all co-op fish*

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*Staff is concerned that these provision are unworkable as written. Because of the lack of specificity in these provisions, little meaningful analysis can be provided.*

*(2.2.13, Option 2 Paragraphs 2 and 4)*

### 4.3 Rules Governing Cooperatives

#### 4.3.1 Annual Allocations

Option 1 Annual allocations of cooperative members would be issued to the cooperative.

Option 2 Annual allocation of the sector would be issued to the sector cooperative (if “true” sector cooperative alternative is selected)  
*(2.2.13, Option 1 Paragraph 9, 2.2.14.9, and 2.2.14.9.2)*

#### 4.3.2.1 Co-op allocations.

Co-op members may internally allocate and manage the co-op’s allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement. *(2.2.13, Option 1 Paragraph 12, and 2.2.14.9)*

#### 4.3.2.2 Monitoring and Enforcement

Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op’s allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers. *(2.2.13, Option 1 Paragraph 8 and 12 and 2.2.14.9)*

4.3.2.3 Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement. *(2.2.13, Option 1, Paragraph 12)*

4.3.2.4 Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law. *(2.2.13, Option 2, Paragraph 5)*

#### 4.3.2.5 Ownership and usage of CV cooperative allocations

- a. *At least 20% of the harvester allocation share owned by the co-op processor-owned vessels must be available for lease to other co-op harvesters, at prevailing market lease rates. This provision is not workable and should be revised or omitted.*
- b. No mandatory leasing provision  
*(2.2.13, Option 2, Paragraphs 2 and 8)*

4.3.2.6 Processor delivery obligations (applies if closed class of processors alternative is selected)

50-90% of a CV cooperative’s harvest share allocation will be reserved for delivery to the associated qualified processor. The other 50 -10% of harvest share allocation can be delivered to:

- i. any processor including CPs
- ii. any processor excluding CPs

*(3.1.13)*

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- 4.3.2.7 Co-ops may engage in intercooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types). **Staff suggests that provision concerning trading of shares among different gears be used to determine the extent of intercooperative trading permitted (see 2.3.2.3 of this revised motion).**  
**(2.2.14.9.1, Option 3)**

### 4.4 Ownership and Use Caps and Underages

- 4.4.1 Set co-op use caps at 25 to 100% of total TAC by species (must choose 100 percent for a “true” sector cooperative) **(2.2.13, Option 1 Paragraph 5)**
- 4.4.2 Cooperative vessel use caps would be set at 1.5-2 X the individual cap. Grandfather initial issueses at their initial allocation **Note: 1.5 times is less than proposed vessel use cap in 2.3.3.7. (2.2.13, Option 1 Paragraph 6)**
- 4.4.3 To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.
- 4.4.4 Underage limits would be applied in the aggregate at the co-op level **(2.2.13, Option 1 Paragraph 7)**

### 4.5 Movement Between Cooperatives

- 4.5.1 Harvesters may move between cooperatives at:  
i. the end of each year.  
ii. the expiration of the cooperative agreement.
- 4.5.2 For holders of CV shares or history:  
Option 1 No share reduction for moving between co-ops year to year  
Option 2 A one year 10-20% share reduction each time a harvester moves to a different co-op. There shall be a limit on the voluntary migration of harvesters from co-op to co-op such that no co-op loses more than 20% of its annual allocation in any single year  
**(2.2.13, Option 1 Paragraphs 2 and 7)**  
The share reduction shall be redistributed to:  
i. The cooperative that the share holder left (if it continues to exist). If the cooperative does not exist, to all cooperatives in the sector on a pro rata basis.  
ii. To all cooperatives in the sector on a pro rata basis.  
**(applies if mandatory cooperatives)**
- 4.5.3 License Transfers Among Processors (applies only if closed class of processors)  
On transfer of a license by a processor:

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- a) any cooperative association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on departing the cooperative, as would have been made in the absence of the transfer.
- b) any cooperatives associated with the license will be free to associate with any qualified processor. Harvest share/history holders in the cooperative will be free to move among cooperatives without share/history reduction.

### 4.6 Non-Members of Cooperatives (applies only if mandatory cooperatives)

#### 4.6.3 Harvest share/history holders that do not choose to join a co-op

- Option 1. May fish in open access, provided NMFS determines that the non-cooperative allocation is sufficient to conduct an open access fishery. The open access fishery will be comprised of all shares of harvesters that are not cooperative members of the same sector (i.e., area, vessel type (CV or C/P), and/or gear). NMFS will have the discretion to determine the distribution of bycatch among target species open access fisheries from shares of harvesters holding bycatch shares for multiple target fisheries.
- Option 2 Are not allowed to participate in the rationalized fisheries until they join a co-op.  
*(2.2.13, Option 1 Paragraphs 9 and 2.2.14.9.3)*

## TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

### 1.Fee and Loan Program

### 2.Skipper/Crew Share Program issues:

### 3.Remaining issues of CIFT program

### 4. PSC Crab, Salmon, and Other Species management